



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-071]

Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that sodium gluconate, gluconic acid, and derivative products from the People's Republic of China (China) are, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2017, through September 30, 2017. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Magd Zalok or Stephen Bailey, AD/CVD Operations, Office IV, Enforcement & Compliance, International Trade Administration, Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4162 or (202) 482-0193 respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on

January 4, 2018.¹ On May 1, 2018, Commerce postponed the preliminary determination of this investigation.² Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through 22, 2018.³ The revised deadline for the preliminary determination for this investigation is now July 2, 2018.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

¹ *See Sodium Gluconate, Gluconic Acid, and Derivative Products from France and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 516 (January 4, 2018) (*Initiation Notice*).

² *See Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 83 FR 19050 (May 1, 2018).

³ *See* Memorandum, for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

⁴ *See* Memorandum, "Decision Memorandum for the Preliminary Determination of the Less-Than-Fair-Value Investigation of Sodium Gluconate, Gluconic Acid, and Derivative Products from People's Republic of China (Preliminary Decision Memorandum), dated concurrently with, and hereby adopted by, this notice. *See also* Appendix I.

Scope of the Investigation

The products covered by this investigation are sodium gluconate, gluconic acid, and derivative products from China. For a complete description of the scope of this investigation, *see* Appendix I to this notice.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (scope).⁶ On January 9, 2018, and January 19, 2018, Commerce received scope comments and rebuttal comments, respectively.⁷ For further details, see the Preliminary Decision Memorandum accompanying this notice. However, Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* the scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Pursuant to sections 776(a) and (b) of the Act, Commerce preliminarily has relied upon facts otherwise available, with adverse inferences, for the China-wide entity. The China-wide entity includes mandatory respondents Shandong Fuyang Biotechnology Co., Ltd./Shandong Fuyang Biology Starch Co., Ltd. (Shandong Fuyang)⁸ Qingdao Dongxiao Enterprise Co., Ltd. (Qingdao

⁵ *See Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997).

⁶ *See Initiation Notice*.

⁷ *See* Letter from Jungbunzlauer S.A. to Commerce, "Investigations Sodium Gluconate, Gluconic Acid, and Derivative Products from France and China - Jungbunzlauer's Comments regarding Scope," dated January 9, 2018, and PMP's Letter to Commerce, "Countervailing and Antidumping Duty Investigation of Sodium Gluconate, Gluconic Acid and Derivative Products from the People's Republic of China: Petitioner's Rebuttal Comments on Scope Comments," dated January 19, 2018.

⁸ *See* Memorandum, "Less-Than-Fair-Value Investigation of Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China: Respondent Selection," dated January 17, 2018 (Initial Respondent Selection Memorandum). *See also* Shandong Fuyang letter, "Notice of Non-Participation in Investigation," dated March 30, 2018.

Dongxiao),⁹ Zhejiang Tianyi Food Additives Co., Ltd. (Tianyi Food)¹⁰ and Dezhou Huiyang Biotechnology Co., Ltd. (Dezhou Huiyang).¹¹ These companies failed to respond to Commerce's requests for information and withdrew from participation in this investigation. For a full description of the methodology underlying Commerce's preliminary determination, see the Preliminary Decision Memorandum.

Separate Rate

In proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.¹² Commerce's policy is to assign all exporters of subject merchandise that are in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.¹³ Commerce preliminarily finds that the evidence placed on the record of this investigation by Anhui Xingzhou Medicine Food Co., Ltd. (Xingzhou Medicine)¹⁴ demonstrates an absence of *de jure* and *de facto* government control. Commerce assigned Xingzhou Medicine a separate rate, which is the petition rate, because it is the only rate available on the record of this proceeding.

⁹ See Qingdao Dongxiao, see the Initial Respondent Selection Memorandum and Qingdao Dongxiao's Letter, "Withdrawal from Participation," dated February 14, 2018.

¹⁰ See Tianyi Food, see Commerce's Memorandum, "Selection of Additional Respondent," dated March 5, 2018 and Tianyi Food's Letter, "Withdrawal from Participation," dated March 8, 2018.

¹¹ See Dezhou Huiyang's Commerce's Memorandum, "Selection of Additional Respondent," dated March 9, 2018 and Dezhou Huiyang's Letter, "Dezhou Huiyang Biotechnology Co., Ltd. Withdrawal of Participation in Antidumping Duty Investigation," dated March 13, 2018.

¹² See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008).

¹³ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588, 20589 (May 6, 1991) (*Sparklers*).

¹⁴ See, e.g., Xingzhou Medicine's Letter, "Xingzhou Medicine Separate Rate Application," dated February 5, 2018; Commerce's Letter, "1st Supplemental Questionnaire Regarding the Separate Rate Application for Anhui Xingzhou Medicine Food Co., Ltd.," dated February 27, 2018; Xingzhou Medicine's Letter, "Supplemental SRA Questionnaire Response," dated March 6, 2018; Commerce's Letter, "2nd Supplemental Questionnaire regarding the Separate Rate Application for Anhui Xingzhou Medicine Food Co., Ltd.," dated March 22, 2018. and Xingzhou Medicine's Letter, "Second Supplemental SRA Questionnaire Response," dated March 29, 2018.

For a full description of the methodology underlying Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,¹⁵ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.¹⁶ Because Commerce preliminarily determined that these mandatory respondents should be considered part of the China-wide entity, and assigned, as adverse facts available, the petition rate to the China-wide entity, Commerce did not calculate producer/exporter combination rates for those companies.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

¹⁵ *See Initiation Notice* at 42652-53.

¹⁶ *See* Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's website at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

| Exporter | Producer | Estimated Weighted-Average Dumping Margin (percent) |
|--|-------------------------------------|--|
| Anhui Xingzhou Medicine Food Co., Ltd. | Xiawang Pharmaceutical Co., Ltd. | 213.15 |
| Anhui Xingzhou Medicine Food Co., Ltd. | Zhucheng Shuguang Biotech Co., Ltd. | 213.15 |
| China-wide Entity ¹⁷ | | 213.15 |

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted average amount by which normal value exceeds U.S. price, as indicated in the chart above as follows: (1) For the producer/exporter combinations listed in the table above, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of China producers/exporters of merchandise under consideration that have not established eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for the China-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash

¹⁷ The China-wide Entity includes Dezhou Huiyang, Qingdao Dongxiao, Shandong Fuyang, and Tianyi Food.

deposit rate is the cash deposit rate applicable to the China producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

As described in the Preliminary Decision Memorandum, in this preliminary determination, no adjustments pursuant to sections 777A(f) and 772(c)(1)(C) of the Act are being made for cash deposit purposes.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). However, because Commerce preliminarily determined that the mandatory respondents should be considered to be part of the China-wide entity, and assigned the China-wide entity an AFA rate based solely on the petition, there are no calculations to disclose.

Verification

Because the mandatory respondents in this investigation did not provide information requested by Commerce and Commerce preliminarily determines in accordance with section 776(b) of the Act that each of the mandatory respondents to have been uncooperative, verification will not be conducted.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than 30 days after the date of publication of the preliminary determination, unless the Secretary alters the time limit. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for

case briefs.¹⁸ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC, 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Final Determination

Section 735(a)(1) of the Act and 19 CFR 351.210(b)(1) provide that Commerce will issue the final determination within 75 days after the date of its preliminary determination. Accordingly, Commerce will make its final determination no later than 75 days after the signature date of this preliminary determination.

International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the

¹⁸ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: July 2, 2018.

Gary Taverman,

Deputy Assistant Secretary

*for Antidumping and Countervailing Duty Operations
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.*

Appendix I

Scope of the Investigation

The scope of the investigation covers all grades of sodium gluconate, gluconic acid, liquid gluconate, and glucono delta lactone (GDL) (collectively GNA Products), regardless of physical form (including, but not limited to substrates; solutions; dry granular form or powders, regardless of particle size; or as a slurry). The scope also includes GNA Products that have been blended or are in solution with other product(s) where the resulting mix contains 35 percent or more of sodium gluconate, gluconic acid, liquid gluconate, and/or GDL by dry weight.

Sodium gluconate has a molecular formula of $\text{NaC}_6\text{H}_{11}\text{O}_7$. Sodium gluconate has a Chemical Abstract Service (CAS) registry number of 527-07-1, and can also be called “sodium salt of gluconic acid” and/or sodium 2, 3, 4, 5, 6 pentahydroxyhexanoate. Gluconic acid has a molecular formula of $\text{C}_6\text{H}_{12}\text{O}_7$. Gluconic acid has a CAS registry number of 526-95-4, and can also be called 2, 3, 4, 5, 6 pentahydroxycaproic acid. Liquid gluconate is a blend consisting only of gluconic acid and sodium gluconate in an aqueous solution. Liquid gluconate has CAS registry numbers of 527-07-1, 526-95-4, and 7732-18-5, and can also be called 2, 3, 4, 5, 6-pentahydroxycaproic acid-hexanoate. GDL has a molecular formula of $\text{C}_6\text{H}_{10}\text{O}_6$. GDL has a CAS registry number of 90-80-2, and can also be called d-glucono-1,5-lactone.

The merchandise covered by the scope of the investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 2918.16.1000, 2918.16.5010, and 2932.20.5020. Merchandise covered by the scope may also enter under HTSUS subheadings 2918.16.5050, 3824.99.2890, and 3824.99.9295. Although the HTSUS subheadings and CAS registry numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
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 - D. China-Wide Entity
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- VIII. Adjustments to Cash Deposit Rates for Export Subsidies
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